



U.S. Department of Justice

*United States Attorney
District of Maryland*

*Thomas M. DiBiagio
United States Attorney*

*Vickie E. LeDuc
Public Information Officer*

*6625 United States Courthouse
101 West Lombard Street
Baltimore, Maryland 21201-2692*

*410-209-4800
TTY/TDD: 410-962-4462
410-209-4885
FAX 410-962-3091
Vickie.LeDuc@usdoj.gov*

**MARCH 21, 2003
FOR IMMEDIATE RELEASE**

**FOR FURTHER
INFORMATION CONTACT
VICKIE LEDUC, USAU
(410) 209-4885**

**INDIVIDUALS INDICTED IN BALTIMORE CITY PROPERTY SCHEMES TO
DEFRAUD MORTGAGE LENDERS**

BALTIMORE, Maryland - Thomas M. DiBiagio, United States Attorney for the District of Maryland, announced today that a federal grand jury has returned two separate indictments in separate but similar schemes to defraud mortgage lenders in connection with Baltimore City properties.

**I. The Indictments Announced Today
A. The Hammond Indictment**

In one scheme, a federal grand jury indicted Walter Pyle Hammond, Jr., age 47, of Davidsonville, Maryland, Joyce Lehw, age 71, of Selbyville, Delaware, David Allen Uhrich, age 53, of Vienna, Virginia and Christopher Francis, age 35, of Cape Coral, Florida (the "Hammond Indictment").

According to the seventeen-count Hamamond Indictment, Hammond persuaded investors to purchase properties in Baltimore City on the promise that Hammond's Guardian Foundation would rehabilitate the properties and purchase them from the investor. Hammond promised to help the investors: apply for a mortgage; furnish the buyer's closing costs at settlement; and rent and

manage the properties during the investor's ownership.

According to the Hammond Indictment, Christopher Francis inflated the values of properties he appraised and forged the name of a licensed appraiser to the appraisals. Joyce Lehew, an investor, falsely stated her income on her mortgage applications. Hammond paid David Allen Uhrich a fee to find investors. The investors could not pay the mortgages and Guardian Foundation could not buy the properties. When the investors defaulted on the mortgages, the lenders could not recover the value of the loans from the properties. \$4 million was lost in the scheme involving 200 houses.

Hammond was arrested in Maryland, Francis in Florida, and Uhrich in Virginia while Lehew appeared in court on January 24, 2003.

The maximum penalty for mail and wire fraud is 5 years incarceration and/or a \$250,000 fine and the maximum penalty for bank fraud is 30 years and/or \$1 million. Restitution can also be ordered.

B. The Jernigan Indictment

In the other scheme, a federal grand jury indicted Steven Jernigan, age 40, of Abingdon, Maryland, Nicholas J. Pistolas, age 62, of Baltimore, Maryland, Barbara Prichard, age 57, of Bel Air, Maryland and Norman Reginald Anderson, Jr., age 32, of Abingdon, Maryland (the Jernigan Indictment").

According to the sixteen-count Jernigan Indictment, Jernigan participated in a property flipping scheme in which fraudulent settlements were conducted at All County Title in Bel Air, Maryland. All County Title was owned and run by attorney Nicholas J. Pistolas and Barbara Prichard. Anderson is charged as an investor who participated in the scheme and falsified loan applications. Andrew Michael Bogdan, age 37, of Abingdon, Maryland and Carlos Sagastume were

charged as co-schemers with the defendants.

Bogdan entered a guilty plea to conspiracy to commit mortgage fraud on June 8, 2001 and Carlos Sagastume entered a guilty plea to bank fraud and mail fraud on February 4, 2003. Both men are awaiting sentencing. The remaining defendants are scheduled for initial appearances on March 28, 2003 at 11:00 a.m.

Jernigan, Pistolas, Prichard and Anderson each face a maximum penalty for each count of 5 years imprisonment and/or a \$250,000 fine and restitution.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

The criminal charges in these indictments are the result of a joint investigation by the the Federal Bureau of Investigation and the United States Attorney's Office. The Hammond Indictment is being prosecuted by Assistant U.S. Attorneys Joyce K. McDonald and Stephen M. Schenning. The Jernigan Indictment is being prosecuted by Assistant U.S. Attorney Joyce K. McDonald.

II. Overview Of Law Enforcement Efforts To Investigate And Prosecute Mortgage Flipping Schemes

Since early 1998, the United States Attorney's Office in the District of Maryland has been focusing attention on the emerging problem of property flipping. Although property flipping has appeared in Prince George's and Montgomery counties, it is primarily a phenomenon in the city of Baltimore where large numbers of low priced rowhouses have enabled flipping to flourish.

In mortgage flipping cases, an individual or entity purchases a low cost inner city housing unit and then quickly – oftentimes the same day though almost always within 60 days – resells that same property at a substantial and fraudulently inflated mark-up. The resale is uniformly financed by an out-of-state lender that is unaware that an earlier sale had occurred or that the property is being financed at a fraudulently inflated price. The flipper usually doubles or triples his/its investment in

a short time.

When the United States Attorney's Office first began investigating this practice, the ultimate purchasers were typically low income residents who were ill-equipped to undertake home ownership, particularly where their homes were being purchased and financed at inflated values. By 1999, most of the flippers were selling to amateur "investors" who were buying groups of houses at a time with promises of large and secure real estate returns with no money down. Whether the ultimate purchaser was an individual homeowner or an investor, the result was almost always the same: mortgage default, foreclosure, destabilization, and neighborhood deterioration.

To engage in flipping on the epidemic scale seen in the Baltimore area, the flipper must often have collusive relationships with mortgage brokers, appraisers and settlement agents. Our law enforcement effort has attempted to focus on this entire spectrum of culpable participants. To date, this Office's efforts have led to the following charges and convictions:

Total Charged: 89

Northern Division (Baltimore) – 71

Southern Division (Greenbelt) – 18

Total Convictions: 67

Flippers – 29

Attorneys/Settlement Agents – 3

Appraisers – 3

Mortgage Brokers – 8

Straw Buyers – 15

Others – 6

Loan Officers – 3

Total Acquittals: 2 (both appraisers)

Total Pending Cases: 18

The federal law enforcement effort is coordinated by the United States Attorney's Office and

involves joint investigative efforts by the Federal Bureau of Investigation, the United States Postal Inspection Service, the Internal Revenue Service-Criminal Investigation, and the HUD Inspector General's Office.